NEWS FROM ED MARKEY

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October 26, 2005 **Morgan Gray**
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Republican Panel Uses Budget Bill to Weaken Moratorium on Drilling on the Outer Continental Shelf

Washington, DC: The House Resources Committee Republicans today voted 15-25 against Democratic efforts to preserve the current moratorium on oil and gas leases for drilling on the Outer Continental Shelf (OCS.) As a result, drilling in sensitive areas such as the fishing grounds of George's Bank moved one step closer. The expectation of the proponents is that cash-strapped states will use new authority to "opt-out" of the moratorium in return for 40 percent of OCS leasing revenues.

In his remarks in support of the amendment, Rep. Markey observed:

"The Republican legislation would bribe states to opt-out of the drilling moratorium. The Republicans are adopting a budget which starves the states of Medicaid and other support, and then suggesting to the states that they will be rewarded if they abandon environmental protections of their fishing grounds, beaches and coastal waters. They want to turn a moratorium into a maybe-torium.

"Maybe states will decide to protect the waters off their coasts, or maybe they won't.

"Maybe states will find that their neighboring states share the same priorities to keep their coastlines free from oil and gas drilling or maybe they won't."

The OCS provision in the budget bill has not even been scored by the Congressional Budget Office. This legislation uses a complicated formula to direct about 40 percent of the revenue generated from the leases on the OCS to those states that have decided to opt-out of the moratoria, in an attempt to entice states to opt-out. It could ultimately end up costing the federal government billions of dollars.

The revenue generated from federal offshore oil and gas leases is one of the federal government's largest sources of non-tax income. The Minerals Management Service projects that currently permitted OCS leasing in 2006 will generate over $7.1 billion dollars in federal revenue and over $35 billion from 2006-2010.

This legislation will eventually allow states that currently have OCS drilling off their shores in the Gulf of Mexico to "opt-out" and receive 40 percent of that $7 billion a year that is currently going to the federal treasury.

This legislation, as drafted, could therefore eventually become a massive fund-loser for the federal government, potentially diverting billions of dollars in what is currently federal revenue to the states.

For further information please visit www.house.gov/Markey.